

Dear Ms. McRae, Ms. Davis, Mr. Larson, Mr. Hughes,

For years, as a citizen activist, I have represented the interests of all families in Delaware in trying to contain the exorbitant utility rate increases. I have paid particular attention to the most vulnerable, the seniors and low to moderate income working families, who are least likely to be able to afford these devastating energy cost increases and most likely to suffer the disastrous consequences such as eviction and foreclosures. As a duly elected State Representative my responsibility to these interests has become my sworn obligation. I am writing this letter to the PSC, OMB, Controller General and DNREC after giving many hours of thought and consideration to the “facts” and the law regarding the negotiations between Delmarva Power and Bluewater Wind.

I stress the word “facts” since it has become apparent, in reports and in my personal discussions with Delmarva officials, that they (Delmarva Power) have no intention of being truthful or honest in this debate. The ongoing campaign of misstatements, misrepresentation and utter falsehoods presented by Delmarva both publicly and surreptitiously, in my opinion, suggests that Delmarva Power does not and has never intended to negotiate in good faith and never intended to reach a negotiated agreement with BWW. It is therefore the obligation of the PSC to take charge, conclude the PPA and tell Delmarva Power they had their one chance at negotiation, and now that phase is done.

There are many compelling reasons for completing a PPA with Bluewater Wind. The consequence of not actively working to reduce greenhouse gases and toxic emissions by selecting alternative, renewable energy generation that offshore wind power provides would cause future generations to suffer irreversible health and environmental damages. These very real consequences have true economic impacts that were not included in the price calculation formulas but should be a matter for consideration by any responsible party. There are other economic impacts that are permitted for discussion however and one of the most important would be the need for long term price stability that only the wind farm can provide. The energy price projections presented as the basis for maintaining the status quo in future energy purchases for the SOS consumer is so lacking in credibility that it borders on the absurd. Price projections presented by the Federal Energy Information Administration purporting that natural gas prices will remain flat in today’s dollars for the next 20 years is totally unrealistic and ignores the fact that the EIA made the same prediction ten years ago and natural gas prices tripled since then. The Independent Consultant’s analysis does not present the full price risk we are likely to face in the next 30 years. The World Energy Outlook projects that overall energy demand, including natural gas, will increase by 55 percent by the year 2030. Demand for coal

power will increase by 73 percent in that same time frame and the need for carbon emission controls will increase the cost of coal power by at least 20 percent, according to an MIT study. Increased demand, limited supply and the need for further emission controls will surely result in sharply higher prices compared with the status quo. Furthermore the mere fact that 25,000 homes in Delaware are in arrears on their utility bills speaks volumes for the risk in continuing the status quo as Delmarva wishes.

Delmarva's suggestion to buy renewable energy on the market is economically unsound due to limited amounts available that would result in a higher demand driving the bidding costs upward. In fact it would seem increasingly likely that, left to the market, supply could lag demand for years to come. Delaware isn't the only state to institute renewable energy portfolio standards. Delaware's portfolio standard calls for penalties if Delmarva fails to meet the standard. By Delmarva's own admission, if that were to happen, the penalties would be passed through to the consumer. Buying renewable energy on the market would not improve our environment, protect our health or insulate us from soaring fossil fuel prices nor would it comply with the mandates of HB 6 to generate local, de facto regulated energy.

The term sheet now on the table does not present ratepayers additional risk. In fact it presents us with the opportunity to add a significant measure of price stability to our energy portfolio. If we are to take advantage of this opportunity, we must insist on vigorous negotiations in order to create the best terms for ratepayers. When the PSC staff identified the risk involved in proposed construction cost escalators, Bluewater Wind responded by taking this risk off the table. This is how negotiations are supposed to work and is a convincing argument for continuing negotiations and allowing Bluewater to complete negotiations with the PSC staff.

To summarize, I see no reason to quit and every reason to continue working to achieve a successful conclusion and I ask that you accept this responsibility and ensure a price stable future for Delaware.

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